



February 26, 2016

ENGROSSED SENATE BILL No. 339

DIGEST OF SB 339 (Updated February 24, 2016 4:33 pm - DI 107)

Citations Affected: IC 4-31; IC 4-33; IC 6-3; IC 35-52; noncode.

Synopsis: Daily fantasy sports. Provides that paid fantasy sports games conducted in accordance with the paid fantasy sports game statute do not constitute gambling. Provides that paid fantasy sports games may be conducted through an Internet web site maintained and operated by a game operator or on the premises of certain licensed facilities under a contract between a game operator and the owner of the licensed facility. Provides for the regulation of paid fantasy sports games by the paid fantasy sports division of the gaming commission. Provides that the division has certain powers and duties for purposes of administering, regulating, and enforcing paid fantasy sports. Provides that an individual must be at least 18 years of age to participate in a paid fantasy sports game. Provides that any prize awarded in a paid fantasy sports game must be made known before the paid fantasy sports game begins. Requires a game operator to implement certain procedures concerning: (1) preventing certain individuals from competing in paid fantasy sports games; (2) verifying that a game participant is at least 18 years of age; (3) allowing
(Continued next page)

Effective: July 1, 2016.

**Ford, Alting, Yoder, Arnold J, Kruse,
Randolph Lonnie M**

(HOUSE SPONSORS — MORRISON, DERMODY, KLINKER, EBERHART)

January 7, 2016, read first time and referred to Committee on Public Policy.

January 28, 2016, amended, reported favorably — Do Pass.

February 1, 2016, read second time, ordered engrossed. Engrossed.

February 3, 2016, read third time, passed. Yeas 38, nays 11.

HOUSE ACTION

February 9, 2016, read first time and referred to Committee on Public Policy.

February 25, 2016, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

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individuals to restrict themselves from entering paid fantasy sports games; and (4) disclosing the number of paid fantasy sports games a single game participant may enter. Establishes the fantasy sports regulation and administration fund. Provides that fees and civil penalties under the fantasy sports regulation provisions would be deposited in the fantasy sports regulation and administration fund. Appropriates money in the fund for the state fiscal year beginning July 1, 2016, and ending June 30, 2017. Prohibits a game operator, a licensee, and a person with an interest in a game operator or licensee from contributing to certain candidates. Requires a \$75,000 initial fee and a \$20,000 annual fee for a game operator. Provides that a licensee's license is contingent upon the determination by the division that the licensee is in compliance with the statute. Requires a licensee to be investigated every three years to determine compliance. Provides that a licensee shall bear the cost of investigations. Provides that a "paid fantasy sports game": (1) must require participants to pay, with cash or a cash equivalent, an entry fee to participate; and (2) may not be based on the results of certain horse races. Provides that the division may adopt rules, including emergency rules, to implement the chapter. Requires game operators or licensees to: (1) withhold cash winnings of obligors for amounts the obligors are delinquent in child support; and (2) deduct and retain an administrative fee in relation to withholding the obligor's delinquent child support. Provides that paid fantasy sports game winnings valued at \$1,200 or more shall have adjusted gross income tax withheld.



February 26, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 339

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-31-2-20.6 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2016]: **Sec. 20.6. "Simulcast" means the communication by**
- 4 **electronic device of a race at a recognized meeting and information**
- 5 **related to the race, including:**
- 6 (1) **a personal computer or other device which enables**
- 7 **communication over the Internet;**
- 8 (2) **a private network;**
- 9 (3) **an interactive video display or television;**
- 10 (4) **a wireless communication technology; or**
- 11 (5) **an interactive computer service (as defined in**
- 12 **IC 35-45-5-1(g)).**
- 13 SECTION 2. IC 4-33-24 IS ADDED TO THE INDIANA CODE AS
- 14 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
- 15 1, 2016]:
- 16 **Chapter 24. Paid Fantasy Sports**
- 17 **Sec. 1. A paid fantasy sports game conducted under this chapter**

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1 does not constitute gambling for purposes of IC 35-45-5.

2 Sec. 2. "Bureau" refers to the child support bureau of the
3 department of child services established by IC 31-25-3-1.

4 Sec. 3. As used in this chapter, "confidential information"
5 means information related to the play of paid fantasy sports games
6 by game participants obtained solely as a result of or by virtue of
7 a person's employment.

8 Sec. 4. As used in this chapter, "division" refers to the paid
9 fantasy sports division established by section 11 of this chapter.

10 Sec. 5. As used in this chapter, "game operator" means a person
11 who:

12 (1) is engaged in the business of professionally conducting
13 paid fantasy sports games for cash prizes for members of the
14 general public; and

15 (2) requires cash or a cash equivalent as an entry fee to be
16 paid by a member of the general public who participates in a
17 paid fantasy sports game.

18 Sec. 6. As used in this chapter, "game participant" means an
19 individual who participates in a paid fantasy sports game offered
20 by a game operator.

21 Sec. 7. As used in this chapter, "licensed facility" means any of
22 the following:

23 (1) A satellite facility licensed under IC 4-31-5.5.

24 (2) A riverboat (as defined by IC 4-33-2-17).

25 (3) A gambling game facility operated under IC 4-35.

26 Sec. 8. As used in this chapter, "licensee" means any of the
27 following:

28 (1) A permit holder (as defined by IC 4-31-2-14).

29 (2) A licensed owner (as defined by IC 4-33-2-13).

30 (3) An operating agent (as defined by IC 4-33-2-14.5).

31 Sec. 9. As used in this chapter, "paid fantasy sports game"
32 means any fantasy or simulation sports game or contest that meets
33 the following conditions:

34 (1) The values of all prizes and awards offered to winning
35 game participants are established and made known to the
36 game participants in advance of the game or contest.

37 (2) All winning outcomes reflect the relative knowledge and
38 skill of the game participants and are determined
39 predominantly by accumulated statistical results of the
40 performance of individuals, including athletes in the case of
41 sporting events.

42 (3) No winning outcome is based on the score, point spread, or



performance or performances of any single team or combination of teams, or solely on any single performance of an individual athlete or player in any single event.

(4) The statistical results of the performance of individuals under subdivision (2) are not based on college or high school sports.

(5) All participants must pay, with cash or a cash equivalent, an entry fee to participate.

(6) Unless authorized by the horse racing commission, established by IC 4-31-3-1, no winning outcome is based on the accumulated statistical results of a performance by an individual or horse:

(A) in a race or races at a recognized meeting (as defined in IC 4-31-2-20); or

(B) on the simulcast, as defined in IC 4-31-2-20.6, of a horse race or horse races.

Sec. 10. As used in this chapter, "person" means any association, corporation, limited liability company, fiduciary, individual, joint stock company, joint venture, partnership, sole proprietorship, or other private legal entity.

Sec. 11. (a) The paid fantasy sports division is established within the commission.

(b) The division shall maintain the integrity of the paid fantasy sports division. Game operators, game operator applicants, and licensees must encourage confidence in the commission and the division by maintaining high standards of honesty, integrity, and impartiality.

Sec. 12. (a) The division has the following powers and duties for purposes of administering, regulating, and enforcing the system of paid fantasy sports under this chapter:

(1) All powers and duties in this chapter.

(2) All powers necessary and proper to fully and effectively execute this chapter.

(3) To investigate and reinvestigate applicants, game operators, and licensees with whom a game operator has entered into a contract under section 14 of this chapter.

(4) To investigate alleged violations of this chapter.

(5) To revoke, suspend, or renew licenses under this chapter.

(6) To take any reasonable or appropriate action to enforce this chapter.

(b) The division may do the following:

(1) Take appropriate administrative enforcement or



disciplinary action against a person who violates this chapter.

(2) Conduct hearings.

(3) Issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, records, and other relevant documents.

(4) Administer oaths and affirmations to witnesses.

Sec. 13. (a) The division shall adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to implement this chapter, including rules for the following purposes:

(1) Administering this chapter.

(2) Providing for the prevention of practices detrimental to the public interest and providing for the best interests of paid fantasy sports.

(3) Establishing rules concerning the review of the permits or licenses necessary for a game operator, licensed facility, or licensee.

(4) Imposing penalties for noncriminal violations of this chapter.

(b) The division and the commission shall allow game operators who are operating in Indiana on March 31, 2016, to continue operating until they have received or have been denied a license.

Sec. 14. A game operator may:

(1) conduct one (1) or more paid fantasy sports games through an Internet web site maintained and operated by the game operator; or

(2) contract with a licensee to conduct one (1) or more paid fantasy sports games on the premises of a licensed facility.

Sec. 15. (a) A game operator must:

(1) be authorized to transact business in Indiana under IC 23; and

(2) pay to the division the initial fee imposed under subsection (b).

(b) A game operator shall pay to the division an initial fee of seventy-five thousand dollars (\$75,000) for the privilege of conducting paid fantasy sports games under this chapter.

(c) A game operator shall annually pay to the division a twenty thousand dollar (\$20,000) fee on the anniversary date of the payment made under subsection (b) to renew the privilege of conducting paid fantasy sports games under this chapter.

(d) The division shall deposit all fees received under this section in the fantasy sports regulation and administration fund.

Sec. 16. A game operator must do the following to conduct paid



fantasy sports games under this chapter:

(1) Provide written notice to the division of the game operator's intent to conduct paid fantasy sports games under this chapter.

(2) Submit for the division's approval any proposed contract with a licensee through which the game operator intends to conduct paid fantasy sports games under this chapter.

(3) Submit a plan for doing the following:

(A) Verifying the identity and age of patrons who wish to participate in a paid fantasy sports game conducted under this chapter.

(B) Maintaining the security of the identifying and financial information of game participants participating in paid fantasy sports games conducted under this chapter.

(C) Promoting paid fantasy sports games conducted under this chapter in a manner that accurately describes the relationship between the game operator and a licensee.

Sec. 17. (a) A licensee's license may be renewed annually upon a determination by the division that the licensee is in compliance with this chapter.

(b) A licensee shall undergo a complete investigation every three (3) years to determine if the licensee is in compliance with this chapter.

(c) A licensee shall bear the cost of an investigation or reinvestigation of the licensee and any investigation resulting from a potential transfer of ownership.

Sec. 18. A game operator may charge an entry fee to participate in a paid fantasy sports game conducted under this chapter.

Sec. 19. An individual must be at least eighteen (18) years of age to participate in a paid fantasy sports game conducted under this chapter.

Sec. 20. Any prize awarded in a paid fantasy sports game must be made known before the fantasy game begins. The value of a prize awarded in the paid fantasy sports game may not be determined by the number of game participants in the paid fantasy sports game or the amount of entry fees paid by the game participants.

Sec. 21. A game operator shall implement procedures to do the following:

(1) Prevent employees of the game operator or a licensee with whom the game operator has entered into a contract under section 14 of this chapter, and any relative of an employee



1 living in the household of the employee, from competing in a
 2 paid fantasy sports game in which the cash prize exceeds five
 3 dollars (\$5).

4 (2) Prevent an owner, director, or officer of the game
 5 operator or a licensee with whom the game operator has
 6 entered into a contract under section 14 of this chapter from
 7 being a game participant in any paid fantasy sports game
 8 offered by the game operator.

9 (3) Prevent employees of the game operator or a licensee with
 10 whom the game operator has entered into a contract under
 11 section 14 of this chapter from sharing confidential
 12 information that could affect paid fantasy sports game play
 13 with third parties until the information is made publicly
 14 available.

15 (4) Verify that a game participant is at least eighteen (18)
 16 years of age.

17 (5) Prevent an individual who is a player, game official, or
 18 other participant in an actual sporting event or competition
 19 from participating in any paid fantasy sports game that is
 20 determined in whole or in part on the performance of that
 21 individual, the individual's actual team, or the accumulated
 22 statistical results of the sporting event or competition in which
 23 the individual is a player, game official, or other participant.

24 (6) Allow individuals to restrict themselves from entering paid
 25 fantasy sports games.

26 (7) Disclose the number of paid fantasy sports games a single
 27 game participant may enter.

28 Sec. 22. A game operator shall take reasonable steps to do the
 29 following:

30 (1) Prevent the participation in paid fantasy sports games of
 31 individuals who have restricted themselves from entering paid
 32 fantasy sports games.

33 (2) Prevent game participants from entering more than the
 34 maximum number of allowed paid fantasy sports games.

35 Sec. 23. A game operator shall segregate the funds of game
 36 participants from the operational funds of the game operator.

37 Sec. 24. For the protection of the funds of game participants
 38 held in paid fantasy sports game accounts, a game operator shall
 39 maintain a reserve in the form of cash, cash equivalents, an
 40 irrevocable letter of credit, a bond, or a combination of these
 41 sources that is equal to the amount of money deposited in paid
 42 fantasy sports game accounts of game participants.



1 **Sec. 25.** A game operator shall contract annually with a certified
 2 public accountant to perform a financial audit of the game
 3 operator's paid fantasy sports game operations under this chapter
 4 to ensure compliance with this chapter. The game operator shall
 5 submit the results of the audit to the division. The same certified
 6 public accountant may not perform more than two (2) consecutive
 7 financial audits for a game operator under this section.

8 **Sec. 26.** The division may impose a civil penalty upon a game
 9 operator, a licensee, or an employee of a game operator or a
 10 licensee for a violation of this chapter. The maximum amount of a
 11 civil penalty imposed under this section for a particular violation
 12 is one thousand dollars (\$1,000). The division shall deposit all civil
 13 penalties received under this section in the fantasy sports
 14 regulation and administration fund.

15 **Sec. 27.** Entry fees and other revenues received by a licensee
 16 under a contract with a game operator for conducting paid fantasy
 17 sports games are not considered to be received from a licensee's
 18 gaming operations and are not subject to:

- 19 (1) a wagering tax imposed under IC 4-33-13 or IC 4-35-8;
- 20 (2) the fee imposed under IC 4-35-8.5;
- 21 (3) the distribution required under IC 4-35-7-12; or
- 22 (4) any other tax or fee imposed upon a licensee under
- 23 IC 4-31, IC 4-33, or IC 4-35.

24 **Sec. 28. (a)** The fantasy sports regulation and administration
 25 fund is established to provide for the administration of this
 26 chapter.

27 **(b)** The fund consists of:

- 28 (1) any fees and civil penalties deposited in the fund under this
- 29 chapter;
- 30 (2) any money appropriated to the fund by the general
- 31 assembly; and
- 32 (3) any earnings on amounts in the fund.

33 **(c)** The commission shall administer the fund.

34 **(d)** The treasurer of state shall invest the money in the fund not
 35 currently needed to meet the obligations of the fund in the same
 36 manner as other public funds may be invested.

37 **(e)** Money in the fund at the end of a state fiscal year does not
 38 revert to the state general fund but remains in the fund to be used
 39 exclusively for purposes of this chapter.

40 **Sec. 29. (a)** This section applies beginning July 1, 2017.

41 **(b)** The bureau shall provide information to a game operator or
 42 licensee concerning persons who are delinquent in child support.



(c) If a permit holder or trustee is required to file Form 1099 or a substantially equivalent form with the United States Internal Revenue Service for a person who is delinquent in child support, before payment of cash winnings from paid fantasy sports, the game operator or licensee permit holder or trustee:

(1) may deduct and retain an administrative fee in the amount of the lesser of:

(A) three percent (3%) of the amount of delinquent child support withheld under subdivision (2)(A); or

(B) one hundred dollars (\$100); and

(2) shall:

(A) withhold the amount of delinquent child support owed from the cash winnings;

(B) transmit to the bureau:

(i) the amount withheld for delinquent child support; and

(ii) identifying information, including the full name, address, and Social Security number of the obligor and the child support case identifier, the date and amount of the payment, and the name and location of the permit holder or trustee; and

(C) issue the obligor a receipt in a form prescribed by the bureau with the total amount withheld for delinquent child support and the administrative fee.

(d) The bureau shall notify the obligor at the address provided by the permit holder or trustee that the bureau intends to offset the obligor's delinquent child support with the cash winnings.

(e) The bureau shall hold the amount withheld from cash winnings of the obligor for ten (10) business days before applying the amount as payment to the obligor's delinquent child support.

(f) The delinquent child support required to be withheld under this section and an administrative fee described under subsection (c)(1) have priority over any secured or unsecured claim on cash winnings except claims for federal or state taxes that are required to be withheld under federal or state law.

Sec. 30. (a) The definitions in IC 3-5-2 apply to this section to the extent they do not conflict with the definitions in this article.

(b) As used in this section, "candidate" refers to any of the following:

(1) A candidate for a state office.

(2) A candidate for a legislative office.

(3) A candidate for a local office.



(c) As used in this section, "committee" refers to any of the following:

- (1) A candidate's committee.
- (2) A regular party committee.
- (3) A committee organized by a legislative caucus of the house of the general assembly.
- (4) A committee organized by a legislative caucus of the senate of the general assembly.

(d) As used in this section, "officer" refers only to either of the following:

- (1) An individual listed as an officer of a corporation in the corporation's most recent annual report.
- (2) An individual who is a successor to an individual described in subdivision (1).

(e) For purposes of this section, a person is considered to have an interest in a game operator or licensee if the person satisfies any of the following:

- (1) The person holds at least a one percent (1%) interest in the game operator or licensee.
- (2) The person is an officer of the game operator or licensee.
- (3) The person is an officer of a person that holds at least a one percent (1%) interest in the game operator or licensee.
- (4) The person is a political action committee of the game operator or licensee.

(f) For purposes of this section, a game operator or licensee is considered to have made a contribution if a contribution is made by a person who has an interest in a game operator or licensee.

(g) A game operator or licensee or a person with an interest in a game operator or licensee may not make a contribution to a candidate or a committee during the period in which the game operator or licensee is engaged in paid fantasy sports.

(h) A person who knowingly or intentionally violates this section commits a Level 6 felony.

SECTION 3. IC 6-3-4-8.2, AS AMENDED BY P.L.182-2009(ss), SECTION 200, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 8.2. (a) Each person in Indiana who is required under the Internal Revenue Code to withhold federal tax from winnings shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department.

(b) In addition to amounts withheld under subsection (a), every person engaged in a gambling operation (as defined in IC 4-33-2-10),



1 ~~or~~ a gambling game (as defined in IC 4-35-2-5), **or paid fantasy**
 2 **sports game (as defined in IC 4-33-24-9)** and making a payment in
 3 the course of the gambling operation (as defined in IC 4-33-2-10), ~~or~~
 4 a gambling game (as defined in IC 4-35-2-5), **or paid fantasy sports**
 5 **game (as defined in IC 4-33-24-9)** of:

6 (1) winnings (not reduced by the wager) valued at one thousand
 7 two hundred dollars (\$1,200) or more from slot machine play; ~~or~~

8 (2) winnings (reduced by the wager) valued at one thousand five
 9 hundred dollars (\$1,500) or more from a keno game; **or**

10 **(3) winnings (reduced by the entry fee) valued at one thousand**
 11 **two hundred dollars (\$1,200) or more from paid fantasy**
 12 **sports play;**

13 shall deduct and retain adjusted gross income tax at the time and in the
 14 amount described in withholding instructions issued by the department.
 15 The department's instructions must provide that amounts withheld shall
 16 be paid to the department before the close of the business day following
 17 the day the winnings are paid, actually or constructively. Slot machine
 18 and keno winnings from a gambling operation (as defined in
 19 IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) **and paid**
 20 **fantasy sports game winnings** that are reportable for federal income
 21 tax purposes shall be treated as subject to withholding under this
 22 section, even if federal tax withholding is not required.

23 (c) The adjusted gross income tax due on prize money or prizes:

24 (1) received from a winning lottery ticket purchased under
 25 IC 4-30; and

26 (2) exceeding one thousand two hundred dollars (\$1,200) in
 27 value;

28 shall be deducted and retained at the time and in the amount described
 29 in withholding instructions issued by the department, even if federal
 30 withholding is not required.

31 (d) In addition to the amounts withheld under subsection (a), a
 32 qualified organization (as defined in IC 4-32.2-2-24(a)) that awards a
 33 prize under IC 4-32.2 exceeding one thousand two hundred dollars
 34 (\$1,200) in value shall deduct and retain adjusted gross income tax at
 35 the time and in the amount described in withholding instructions issued
 36 by the department. The department's instructions must provide that
 37 amounts withheld shall be paid to the department before the close of
 38 the business day following the day the winnings are paid, actually or
 39 constructively.

40 SECTION 4. IC 35-52-4-30.3 IS ADDED TO THE INDIANA
 41 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2016]: **Sec. 30.3. IC 4-33-24-30 defines a**



1 **crime concerning contributions.**
2 **SECTION 5. [EFFECTIVE JULY 1, 2016] (a) Money in the**
3 **fantasy sports regulation and administration fund established by**
4 **IC 4-33-24-28 is appropriated for the state fiscal year beginning**
5 **July 1, 2016, and ending June 30, 2017, for the use by the Indiana**
6 **horse racing commission in administering IC 4-33-24.**
7 **(b) This SECTION expires June 30, 2017.**



COMMITTEE REPORT

Madam President: The Senate Committee on Public Policy, to which was referred Senate Bill No. 339, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 14, delete "who" and insert "**who:**

(1)".

Page 1, line 16, delete "public." and insert "**public; and**

(2) requires cash or a cash equivalent as an entry fee to be paid by a member of the general public who participates in a paid fantasy sports game.".

Page 2, between lines 27 and 28, begin a new line block indented and insert:

"(4) The statistical results of the performance of individuals under subdivision (2) are not based on college or high school sports."

Page 3, line 23, delete "state general fund. Money deposited under this subsection is" and insert "**fantasy sports regulation and administration fund.**".

Page 3, delete lines 24 through 25.

Page 3, line 26, delete "before".

Page 3, line 27, delete "beginning".

Page 4, line 13, delete "state general fund. Money deposited under this subsection is" and insert "**fantasy sports regulation and administration fund.**".

Page 4, delete lines 14 through 15.

Page 6, line 2, delete "state general fund." and insert "**fantasy sports regulation and administration fund.**".

Page 6, delete lines 3 through 4.

Page 6, after line 13, begin a new paragraph and insert:

"Sec. 26. (a) The fantasy sports regulation and administration fund is established to provide for the administration of this chapter.

(b) The fund consists of:

(1) any fees and civil penalties deposited in the fund under this chapter;

(2) any money appropriated to the fund by the general assembly; and

(3) any earnings on amounts in the fund.

(c) The commission shall administer the fund.

(d) The treasurer of state shall invest the money in the fund not



currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for purposes of this chapter.

SECTION 2. [EFFECTIVE JULY 1, 2016] (a) Money in the fantasy sports regulation and administration fund established by IC 4-31-14-26 is appropriated for the state fiscal year beginning July 1, 2016, and ending June 30, 2017, for the use by the Indiana horse racing commission in administering IC 4-31-14.

(b) This SECTION expires June 30, 2017."

and when so amended that said bill do pass.

(Reference is to SB 339 as introduced.)

ALTING, Chairperson

Committee Vote: Yeas 8, Nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, to which was referred Senate Bill 339, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-31-2-20.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 20.6. "Simulcast" means the communication by electronic device of a race at a recognized meeting and information related to the race, including:**

- (1) a personal computer or other device which enables communication over the Internet;
- (2) a private network;
- (3) an interactive video display or television;
- (4) a wireless communication technology; or
- (5) an interactive computer service (as defined in IC 35-45-5-1(g))."

Page 1, line 1, delete "IC 4-31-14" and insert "IC 4-33-24".

Page 1, line 4, delete "14." and insert "24.".

Page 1, between lines 6 and 7, begin a new paragraph and insert:

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"Sec. 2. "Bureau" refers to the child support bureau of the department of child services established by IC 31-25-3-1."

Page 1, line 7, delete "2." and insert "3."

Page 1, line 11, delete "3." and insert "4."

Page 1, line 12, delete "10" and insert "11".

Page 1, line 13, delete "4." and insert "5."

Page 2, line 4, delete "5." and insert "6."

Page 2, line 7, delete "6." and insert "7."

Page 2, line 12, delete "7." and insert "8."

Page 2, line 17, delete "8." and insert "9."

Page 2, between lines 34 and 35, begin a new line block indented and insert:

"(5) All participants must pay, with cash or a cash equivalent, an entry fee to participate.

(6) Unless authorized by the horse racing commission, established by IC 4-31-3-1, no winning outcome is based on the accumulated statistical results of a performance by an individual or horse:

(A) in a race or races at a recognized meeting (as defined in IC 4-31-2-20); or

(B) on the simulcast, as defined in IC 4-31-2-20.6, of a horse race or horse races."

Page 2, line 35, delete "9." and insert "10."

Page 2, line 39, delete "10." and insert "11. (a)".

Page 2, between lines 40 and 41, begin a new paragraph and insert:

"(b) The division shall maintain the integrity of the paid fantasy sports division. Game operators, game operator applicants, and licensees must encourage confidence in the commission and the division by maintaining high standards of honesty, integrity, and impartiality."

Page 2, line 41, delete "11." and insert "12. (a) The division has the following powers and duties for purposes of administering, regulating, and enforcing the system of paid fantasy sports under this chapter:

(1) All powers and duties in this chapter.

(2) All powers necessary and proper to fully and effectively execute this chapter.

(3) To investigate and reinvestigate applicants, game operators, and licensees with whom a game operator has entered into a contract under section 14 of this chapter.

(4) To investigate alleged violations of this chapter.

(5) To revoke, suspend, or renew licenses under this chapter.



(6) To take any reasonable or appropriate action to enforce this chapter.

(b)".

Page 2, delete line 42.

Page 3, delete lines 1 through 3.

Page 3, line 4, delete "(3)" and insert "(1)".

Page 3, line 6, delete "(4)" and insert "(2)".

Page 3, line 7, delete "(5)" and insert "(3)".

Page 3, line 10, delete "(6)" and insert "(4)".

Page 3, between lines 10 and 11, begin a new paragraph and insert:

"Sec. 13. (a) The division shall adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to implement this chapter, including rules for the following purposes:

(1) Administering this chapter.

(2) Providing for the prevention of practices detrimental to the public interest and providing for the best interests of paid fantasy sports.

(3) Establishing rules concerning the review of the permits or licenses necessary for a game operator, licensed facility, or licensee.

(4) Imposing penalties for noncriminal violations of this chapter.

(b) The division and the commission shall allow game operators who are operating in Indiana on March 31, 2016, to continue operating until they have received or have been denied a license."

Page 3, line 11, delete "12." and insert "14.".

Page 3, line 17, delete "13." and insert "15.".

Page 3, line 22, delete "five" and insert "seventy-five".

Page 3, line 23, delete "(\$5,000)" and insert "(\$75,000)".

Page 3, line 25, delete "five" and insert "twenty".

Page 3, line 26, delete "(\$5,000)" and insert "(\$20,000)".

Page 3, line 31, delete "14." and insert "16.".

Page 4, delete lines 7 through 18, begin a new paragraph and insert:

"Sec. 17. (a) A licensee's license may be renewed annually upon a determination by the division that the licensee is in compliance with this chapter.

(b) A licensee shall undergo a complete investigation every three (3) years to determine if the licensee is in compliance with this chapter.

(c) A licensee shall bear the cost of an investigation or reinvestigation of the licensee and any investigation resulting from a potential transfer of ownership."



Page 4, line 19, delete "16." and insert "18."
 Page 4, line 21, delete "17." and insert "19."
 Page 4, line 24, delete "18." and insert "20."
 Page 4, line 30, delete "19." and insert "21."
 Page 4, line 34, delete "12" and insert "14".
 Page 4, line 35, after "employee" insert ", ".
 Page 4, line 40, delete "12" and insert "14".
 Page 5, line 3, delete "12" and insert "14".
 Page 5, line 20, delete "20." and insert "22".
 Page 5, line 27, delete "21." and insert "23".
 Page 5, line 29, delete "22." and insert "24".
 Page 5, line 35, delete "23." and insert "25".
 Page 5, line 42, delete "24." and insert "26".
 Page 6, line 7, delete "25." and insert "27".
 Page 6, line 16, delete "26." and insert "28".
 Page 6, between lines 31 and 32, begin a new paragraph and insert:
"Sec. 29. (a) This section applies beginning July 1, 2017.

(b) The bureau shall provide information to a game operator or licensee concerning persons who are delinquent in child support.

(c) If a permit holder or trustee is required to file Form 1099 or a substantially equivalent form with the United States Internal Revenue Service for a person who is delinquent in child support, before payment of cash winnings from paid fantasy sports, the game operator or licensee permit holder or trustee:

(1) may deduct and retain an administrative fee in the amount of the lesser of:

(A) three percent (3%) of the amount of delinquent child support withheld under subdivision (2)(A); or

(B) one hundred dollars (\$100); and

(2) shall:

(A) withhold the amount of delinquent child support owed from the cash winnings;

(B) transmit to the bureau:

(i) the amount withheld for delinquent child support; and

(ii) identifying information, including the full name, address, and Social Security number of the obligor and the child support case identifier, the date and amount of the payment, and the name and location of the permit holder or trustee; and

(C) issue the obligor a receipt in a form prescribed by the bureau with the total amount withheld for delinquent child



support and the administrative fee.

(d) The bureau shall notify the obligor at the address provided by the permit holder or trustee that the bureau intends to offset the obligor's delinquent child support with the cash winnings.

(e) The bureau shall hold the amount withheld from cash winnings of the obligor for ten (10) business days before applying the amount as payment to the obligor's delinquent child support.

(f) The delinquent child support required to be withheld under this section and an administrative fee described under subsection (c)(1) have priority over any secured or unsecured claim on cash winnings except claims for federal or state taxes that are required to be withheld under federal or state law.

Sec. 30. (a) The definitions in IC 3-5-2 apply to this section to the extent they do not conflict with the definitions in this article.

(b) As used in this section, "candidate" refers to any of the following:

- (1) A candidate for a state office.
- (2) A candidate for a legislative office.
- (3) A candidate for a local office.

(c) As used in this section, "committee" refers to any of the following:

- (1) A candidate's committee.
- (2) A regular party committee.
- (3) A committee organized by a legislative caucus of the house of the general assembly.
- (4) A committee organized by a legislative caucus of the senate of the general assembly.

(d) As used in this section, "officer" refers only to either of the following:

- (1) An individual listed as an officer of a corporation in the corporation's most recent annual report.
- (2) An individual who is a successor to an individual described in subdivision (1).

(e) For purposes of this section, a person is considered to have an interest in a game operator or licensee if the person satisfies any of the following:

- (1) The person holds at least a one percent (1%) interest in the game operator or licensee.
- (2) The person is an officer of the game operator or licensee.
- (3) The person is an officer of a person that holds at least a one percent (1%) interest in the game operator or licensee.
- (4) The person is a political action committee of the game



operator or licensee.

(f) For purposes of this section, a game operator or licensee is considered to have made a contribution if a contribution is made by a person who has an interest in a game operator or licensee.

(g) A game operator or licensee or a person with an interest in a game operator or licensee may not make a contribution to a candidate or a committee during the period in which the game operator or licensee is engaged in paid fantasy sports.

(h) A person who knowingly or intentionally violates this section commits a Level 6 felony.

SECTION 2. IC 6-3-4-8.2, AS AMENDED BY P.L.182-2009(ss), SECTION 200, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 8.2. (a) Each person in Indiana who is required under the Internal Revenue Code to withhold federal tax from winnings shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department.

(b) In addition to amounts withheld under subsection (a), every person engaged in a gambling operation (as defined in IC 4-33-2-10), ~~or~~ a gambling game (as defined in IC 4-35-2-5), ~~or paid fantasy sports game (as defined in IC 4-33-24-9)~~ and making a payment in the course of the gambling operation (as defined in IC 4-33-2-10), ~~or~~ a gambling game (as defined in IC 4-35-2-5), ~~or paid fantasy sports game (as defined in IC 4-33-24-9)~~ of:

(1) winnings (not reduced by the wager) valued at one thousand two hundred dollars (\$1,200) or more from slot machine play; ~~or~~

(2) winnings (reduced by the wager) valued at one thousand five hundred dollars (\$1,500) or more from a keno game; ~~or~~

(3) winnings (reduced by the entry fee) valued at one thousand two hundred dollars (\$1,200) or more from paid fantasy sports play;

shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department. The department's instructions must provide that amounts withheld shall be paid to the department before the close of the business day following the day the winnings are paid, actually or constructively. Slot machine and keno winnings from a gambling operation (as defined in IC 4-33-2-10) or a gambling game (as defined in IC 4-35-2-5) **and paid fantasy sports game winnings** that are reportable for federal income tax purposes shall be treated as subject to withholding under this section, even if federal tax withholding is not required.

(c) The adjusted gross income tax due on prize money or prizes:



(1) received from a winning lottery ticket purchased under IC 4-30; and

(2) exceeding one thousand two hundred dollars (\$1,200) in value;

shall be deducted and retained at the time and in the amount described in withholding instructions issued by the department, even if federal withholding is not required.

(d) In addition to the amounts withheld under subsection (a), a qualified organization (as defined in IC 4-32.2-2-24(a)) that awards a prize under IC 4-32.2 exceeding one thousand two hundred dollars (\$1,200) in value shall deduct and retain adjusted gross income tax at the time and in the amount described in withholding instructions issued by the department. The department's instructions must provide that amounts withheld shall be paid to the department before the close of the business day following the day the winnings are paid, actually or constructively.

SECTION 3. IC 35-52-4-30.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 30.3. IC 4-33-24-30 defines a crime concerning contributions."**

Page 6, line 34, delete "IC 4-31-14-26" and insert "**IC 4-33-24-28**".

Page 6, line 36, delete "IC 4-31-14." and insert "**IC 4-33-24.**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 339 as printed January 29, 2016.)

DERMODY

Committee Vote: yeas 12, nays 1.

